

Program A: Telecommunications Management

Program Authorization: Act 153 of 1982; R.S. 39:140-143; Act 152 of 1982; R.S. 39:171-1755; Act 876 of 1990

PROGRAM DESCRIPTION

The mission of the Telecommunications Management Program is to provide for cost-effective telecommunications services that satisfy the needs of approved governmental units of the State of Louisiana through the promotion, management, and support of telecommunications products and technologies.

The goals of the Office of Telecommunications Management are:

1. To provide a comprehensive package of telecommunications products and services which meet the needs of the customers, and assist them in carrying out their missions. This package of products and services should include both basic telecommunication services (local and long distance service) and advanced telecommunication products and services based on emerging technologies.
2. To procure and provision telecommunications products and services at rates, which are cost effective and competitive with products, and services offered by private industry.
3. To assist state agencies in the assessment of their telecommunications needs, make procurement recommendations based on these assessments, and assist with installation and acceptance of procured products and services.

The Office of Telecommunications has two activities: Administrative and Technical Services and Procurement.

Administrative and Technical Services provide state agencies with the following support in the process of carrying out its stated goals:

The OTM Education Section coordinates and conducts telecommunications related training for both state agency employees and OTM employees. The section maintains directory listing information for inclusion in public and state telephone directories, and provides the agency with production support for printed materials including the State Government Telephone Directory. The OTM Systems Projects Section assists state agencies in determining telecommunications service needs by acting as Telecommunications Consultants. These consultants assist state agencies by managing procurement projects, and by providing service level recommendations and budgetary cost proposals. Once procurement decisions are made, the consultants assist in the actual product and/or service installation, testing, and acceptance. The OTM Voice Messaging and Standard Dial Tone Services Sections provide technical assistance to state agencies and OTM employees for voice messaging, ESSX, and ISDN services. The sections have responsibility for preparing bid specifications, and managing resultant contracts for equipment and services. The sections are also responsible for performing quality inspections following equipment installations. The OTM Network Services Design and Analysis Section is responsible for the design and management of all voice, voice/data, and video network services provided by OTM, including the state long distance network (LINC) and the statewide digital backbone network. The LaNet Network Operations Center is responsible for the management of the statewide LaNet wide area network (WAN). This Network facilitates communications among educational institutions and government organizations within Louisiana. The section performs design, installation, maintenance, performance monitoring, and trouble-shooting for all network components. The OTM Local Service Section is responsible for bid specifications and contract management for PBX systems, cellular telephones, and other miscellaneous equipment. The section also conducts telephone traffic engineering studies. The Engineering section is responsible for the design of cable/wire systems to support voice/data needs in large buildings and campus application environments. The Customer Service of OTM is responsible for a number of services related to supporting the daily activities of telecommunications in state government. These activities include order entry, problem reporting (help desk) and telephone operator services (directory assistance). The Management and Finance Branch is responsible for overseeing the business aspects of the agency including financial reporting, payroll and personnel, customer billing, budget development, contract administration, and rate development.

The Procurement Activity is of vital importance to the overall success of OTM in its mission of providing cost effective telecommunications products and services to state agencies. In order to accomplish this mission, OTM procures goods and services through utilization of the competitive bid process. The Procurement section has the responsibility for preparing, reviewing, and evaluating all competitive bids in accordance with state procurement rules and regulations, and for managing statewide contracts which result from such bids. By aggregating statewide volume, OTM is able to obtain attractive pricing for telecommunications goods and services. The ultimate success of the organization depends to a large extent on the successful performance of this activity.

OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2001-2002. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

1. (KEY) To procure, provision, manage, and maintain a statewide long distance network capable of providing long distance service to state agencies at rates which are lower than rates available through commercial offerings.

Strategic Link: This operational objective is related to the Office of Telecommunications Management's (OTM) Strategic Goal 1, Objective 1: *To procure, provision, manage and maintain a statewide long distance service to state agencies at rates which are lower than rates available through commercial offerings.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND	ACTUAL	ACT 2	EXISTING	AT	AT
		PERFORMANCE	YEAREND	PERFORMANCE	PERFORMANCE	CONTINUATION	RECOMMENDED
		STANDARD	PERFORMANCE	STANDARD	STANDARD	BUDGET LEVEL	BUDGET LEVEL
		FY 1999-2000	FY 1999-2000	FY 2000-2001	FY 2000-2001	FY 2001-2002	FY 2001-2002
K	Office of Telecommunications Management (OTM) rate per minute	\$0.085	\$0.075	\$0.085 ¹	\$0.085 ¹	\$0.075	\$0.075
K	Commercial rate per minute	\$0.1586	\$0.1566	\$0.1543	\$0.1543	\$0.1020	\$0.1020
K	Annual savings over commercial rates	\$5,372,800	\$5,818,614	\$4,989,600 ²	\$4,989,600 ²	\$1,930,500	\$1,930,500
S	Number of minutes per year	73,000,000	71,306,540	72,000,000 ³	72,000,000 ³	71,500,000	71,500,000

¹ Although the performance standard is \$0.085, OTM projects a yearend target of \$0.075 in its FY 2000-2001 First Quarter Performance Progress Report.

² Although the performance standard is \$4,989,600, OTM projects a yearend target of \$5,950,000 in its FY 2000-2001 First Quarter Performance Progress Report.

³ Although the performance standard is 72,000,000, OTM projects a yearend target of 70,000,000 in its FY 2000-2001 First Quarter Performance Progress Report.

2. (KEY) To procure and provision telecommunications products and services at rates which are cost effective and competitive with products and services offered by private industry.

Strategic Link: This operational objective is related to the Office of Telecommunications Management's (OTM) Strategic Goal 2: *To procure and provision telecommunications products and services offered by private industry.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 2 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Percentage change in OTM dedicated 56K rate	0%	0%	0%	0%	0%	0%
K	Percentage change in OTM dedicated T-1 rate	0%	0%	0%	0%	0%	0%
S	Dedicated 56K rate	\$700	\$700	\$700	\$700	\$700	\$700
S	Dedicated T-1 rate	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
S	Number of agency subscribers	200	234	230	230	230	230

3. (KEY) To procure, manage, and provision Standard Dial Tone service to state agencies at rates that are uniform throughout the state and are lower than rates available through commercial offerings.

Strategic Link: This operational objective is related to the Office of Telecommunications Management's (OTM) Strategic Goal 1, Objective 2: *To procure, manage and provision Standard Dial Tone service to state agencies at rates that are uniform throughout the state and are lower than rates available through commercial offerings.*

Louisiana: *Vision 2020* Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 2 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Office of Telecommunications Management (OTM) rate per line	\$18.00	\$16.50	\$18.00 ¹	\$18.00 ¹	\$16.50	\$16.50
K	Commercial rate per line	\$36.17	\$36.17	\$36.17	\$36.17	\$29.64	\$29.64
K	Annual savings over commercial rates ²	\$1,017,520	\$1,158,917	\$1,035,690 ³	\$1,035,690 ³	\$775,260	\$775,260
S	Number of lines per year	56,000	58,918	57,000 ⁴	57,000 ⁴	59,000	59,000

¹ Although the performance standard is \$18.00, OTM projects a yearend target of \$16.50 in its FY 2000-2001 First Quarter Performance Progress Report.

² The performance indicator, "Annual savings over commercial rates" was previously named , "Monthly savings over commercial rates". The calculation methodology for this indicator remains the same, the name was changed for clarity purposes.

³ Although the performance standard is \$1,035,690, OTM projects a yearend target of \$1,106,235 in its FY 2000-2001 First Quarter Performance Progress Report.

⁴ Although the performance standard is 57,000, OTM projects a yearend target of 58,500 in its FY 2000-2001 First Quarter Performance Progress Report.

Explanatory Note: The following cost comparisons are made in an effort to reflect the value of OTM standard rates for local service and long distance, and for contract rates for key systems and PBX's as compared to available commercial offerings. The comparisons take into account the five year net present value cost of local service, long distance service, and equipment for the following scenarios. All usage numbers utilized in the comparisons are based on actual usage patterns of state agencies. The detailed documentation supporting this data is maintained by OTM and updated on a quarterly basis.

GENERAL PERFORMANCE INFORMATION: OFFICE OF TELECOMMUNICATIONS MANAGEMENT	
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1999-00
1000 station Centrex:	
Office of Telecommunications Management (OTM) cost	\$1,370,796
Commercial Cost	\$1,931,217
Percentage of OTM savings over commercial cost	29%
50 station Key System:	
Office of Telecommunications Management (OTM) cost	\$86,819
Commercial Cost	\$101,509
Percentage of OTM savings over commercial cost	15%
1000 station PBX:	
Office of Telecommunications Management (OTM) cost	\$1,518,612
Commercial Cost	\$1,904,889
Percentage of OTM savings over commercial cost	20%

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1999 - 2000	ACT 2 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$0	\$0	\$0	\$0	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	0	0	0	0	0	0
Fees & Self-gen. Revenues	47,429,682	52,496,325	52,672,114	54,499,762	54,622,048	1,949,934
Statutory Dedications	0	0	0	0	0	0
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
TOTAL MEANS OF FINANCING	<u><u>\$47,429,682</u></u>	<u><u>\$52,496,325</u></u>	<u><u>\$52,672,114</u></u>	<u><u>\$54,499,762</u></u>	<u><u>\$54,622,048</u></u>	<u><u>\$1,949,934</u></u>
EXPENDITURES & REQUEST:						
Salaries	\$3,419,917	\$3,290,034	\$3,437,399	\$3,517,101	\$3,517,101	\$79,702
Other Compensation	64,641	69,939	69,939	69,939	69,939	0
Related Benefits	610,630	707,114	735,538	760,538	760,538	25,000
Total Operating Expenses	707,954	1,001,067	954,502	916,384	1,038,670	84,168
Professional Services	7,091	51,000	51,000	51,000	51,000	0
Total Other Charges	42,571,047	47,317,171	47,363,736	49,124,800	49,124,800	1,761,064
Total Acq. & Major Repairs	48,402	60,000	60,000	60,000	60,000	0
TOTAL EXPENDITURES AND REQUEST	<u><u>\$47,429,682</u></u>	<u><u>\$52,496,325</u></u>	<u><u>\$52,672,114</u></u>	<u><u>\$54,499,762</u></u>	<u><u>\$54,622,048</u></u>	<u><u>\$1,949,934</u></u>
AUTHORIZED FULL-TIME EQUIVALENTS: Classified	103	91	95	95	95	0
Unclassified	0	0	0	0	0	0
TOTAL	<u><u>103</u></u>	<u><u>91</u></u>	<u><u>95</u></u>	<u><u>95</u></u>	<u><u>95</u></u>	<u><u>0</u></u>

SOURCE OF FUNDING

This ancillary program is funded from Self-generated revenue derived from various departments and agencies of state government which use telecommunications services provided by the Office of Telecommunications Management.

ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$52,496,325	91	ACT 2 FISCAL YEAR 2000-2001
			BA-7 TRANSACTIONS:
\$0	\$175,789	4	Funding for four (4) telecommunications technicians
\$0	\$52,672,114	95	EXISTING OPERATING BUDGET – December 15, 2000
\$0	\$41,026	0	Annualization of FY 2000-2001 Classified State Employees Merit Increase
\$0	\$63,676	0	Classified State Employees Merit Increases for FY 2001-2002
\$0	(\$19,904)	0	Risk Management Adjustment
\$0	\$60,000	0	Acquisitions & Major Repairs
\$0	(\$60,000)	0	Non-Recurring Acquisitions & Major Repairs
\$0	\$133,898	0	Rent in State-Owned Buildings
\$0	\$1,077	0	Maintenance of State-Owned Buildings
\$0	\$460	0	UPS Fees
\$0	(\$1,206)	0	Civil Service Fees
\$0	(\$62,160)	0	Other Adjustments - Office of Information Services adjustment to reflect assessment fee to be charged for computer support services
\$0	\$32,003	0	Other Adjustments - Data processing software maintenance for billing systems
\$0	\$1,761,064	0	Workload Adjustments - service and delivery cost increases. This adjustment is based upon trend of service volume and service types provided by the Office of Telecommunications Management to user agencies. As telecommunications technology advances, user agencies are demanding access to these advances to provide efficiencies and expanded service delivery to their own operations.
\$0	\$54,622,048	95	TOTAL RECOMMENDED
\$0	\$0	0	LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS
\$0	\$54,622,048	95	BASE EXECUTIVE BUDGET FISCAL YEAR 2001-2002
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:
\$0	\$0	0	None
\$0	\$0	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE
\$0	\$54,622,048	95	GRAND TOTAL RECOMMENDED

The total means of financing for this program is recommended at 103.7% of the existing operating budget. It represents 100% of the total request (\$54,518,354) for this program. The major changes from existing operating budget are tied to service and delivery costs increases. These costs totaling \$1,761,064 are based upon increased volume of services as well as types of

services demanded of and provided by this ancillary program to user agencies. As telecommunications technology advances, user state agencies are demanding access to these advances at a competitive price. O.T.M., through its ability to provide such services in bulk, is able to pass on to its customers cost efficiencies. Additionally, O.T.M. technical expertise in telecommunications technology enables it to provide assistance and guidance to user agencies with regard to usefulness and application of various types of telecommunications to the user agencies' operations.

PROFESSIONAL SERVICES

\$51,000 Professional support for engineering and integrated accounting systems, etc.

\$51,000 TOTAL PROFESSIONAL SERVICES

OTHER CHARGES

\$38,539	Legislative Auditor
\$749,379	Division of Administration - Office of Information Services for computer services
\$42,000	Division of Administration - Legal and support services
\$176,882	Miscellaneous administrative services
\$11,250,000	Telecommunications Services (Standard Dial Tone)
\$900,000	Telecommunications Services (Long Distance Service Toll Services)
\$7,400,000	Telecommunications Services (Circuits)
\$2,400,000	Telecommunications Services (800 Service)
\$4,700,000	Telecommunications Services (LINC)
\$1,000,000	Telecommunications Services (Wire and Cable)
\$4,345,000	Telecommunications Services (Connects, ATM services, Frame Relay, Digital Backbone services)
\$6,600,000	Telecommunications Services (Local Services - Non-Standard Rated Dial Tone)
\$1,100,000	Telecommunications Services (Cellular)
\$3,200,000	Telecommunications Services (LaNET)
\$850,000	Telecommunications Services (Video)
\$910,000	Telecommunications Services (Voice Messaging)
\$63,000	Telecommunications Services (Alternate Egress)
\$960,000	Telecommunications Services (Radio Paging)
\$150,000	Telecommunications Services (Equipment Rental and Maintenance)
\$250,000	Telecommunications Services (Professional Services - network modeling, outside plant specification design, video , WAN, etc.)
\$1,790,000	Telecommunications Services (Acquisitions)
\$250,000	Telecommunications Services (Auditing)
\$49,124,800	TOTAL OTHER CHARGES

ACQUISITIONS AND MAJOR REPAIR

\$22,000	Replacement of inoperable and/or obsolete office and computer equipment - filing cabinets, desks, chairs, and four (4) personal desktop computers
\$38,000	Funding for two (2) replacement vans
\$60,000	TOTAL ACQUISITIONS AND MAJOR REPAIRS